

ARTICLE 81-10.1

FINANCIAL INSTITUTIONS TAX

Chapter
81-10.1-01 General

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Section
81-10.1-01-01 Subchapter S Election
81-10.1-01-02 Receipts Factor - Net Gains
81-10.1-01-03 Short Period Returns

81-10.1-01-01. Subchapter S election. If a corporation elects to file its federal tax return under subchapter S of the Internal Revenue Code of 1986, as amended, "federal taxable income" means the income or loss as computed on Schedule K of the S-corporation's federal return.

History: Effective July 1, 1998.

General Authority: NDCC 28-32-02

Law Implemented: NDCC 57-35.3-01

81-10.1-01-02. Receipts factor - Net gains. For purposes of computing the receipts factor, "net gains" means the sum of all transactions resulting in gains for a particular category of receipts. If the net result is a loss, the amount included in the receipts factor is zero.

Example:

Taxpayer sells ten loans or ten pools of loans. Nine of the loans (or pools) result in a gain of \$1,000 each. One of the loans (or pools) results in a loss of \$1,000. The amount to include in the receipts factor as net gains is \$9,000. If the results were reversed (\$9,000 loss and \$1,000 gain), the amount included in the receipts factor is \$1,000.

History: Effective July 1, 1998.

General Authority: NDCC 28-32-02

Law Implemented: NDCC 57-35.3-15

81-10.1-01-03. Short period returns.

1. A financial institution as defined in subdivisions a through j of subsection 2 of North Dakota Century Code section 57-35.3-01, which previously reported income under North Dakota Century Code chapter 57-38 on a fiscal year basis, and is now required to report under North Dakota Century Code chapter 57-35.3 on a calendar year basis, must

file a short period return for the fiscal year beginning in 1997 and ending on December 31, 1997.

2. A financial institution as defined in subdivisions a through j of subsection 2 of North Dakota Century Code section 57-35.3-01 which:
 - a. Has not previously conducted business in North Dakota;
 - b. Reports its income on a fiscal year basis for federal income tax purposes; and
 - c. Is required to report under North Dakota Century Code chapter 57-35.3 on a calendar year basis;

must file a short period return for the first year in which the financial institution does business in North Dakota. The first short period return shall report the income from the date the financial institution started doing business in North Dakota to the end of the calendar year.

History: Effective July 1, 1998.

General Authority: NDCC 28-32-02

Law Implemented: NDCC 57-35.3-01, 57-35.3-03, 57-35.3-06